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From McMansions to modest

With buyers seeking affordability, new-home builders are offering up downsized models

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Special to The Denver Post

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Empty-nesters Sandy and Tom Sorensen are pictured outside their 1,750-square-foot home in Stapleton earlier this month. The couple will downsize to a 1,200-square-foot townhome that they keep as a rental when they retire in a few years. (Photos by Cyrus McCrimmon, The Denver Post)

Even in this weak economy, the yearning to have a home of one's own is still strong. While there are plenty of resale and foreclosure options out there, homebuilders are enticing buyers with brand-new smaller and less expensive homes.

Floor-plan sizes and home prices have dropped since the beginning of the year. According to Hanley Wood Market Intelligence, a market-research and analysis firm for residential real-estate development and new-home construction, the median square footage and median sales price for homes dropped from 2,000 square feet for \$314,900 in the first quarter of 2008 to 1,876 square feet for \$306,950 in the third quarter.

There is a lot of appeal for homebuyers who not only want something new and affordable



The kitchen, dining-room and living-room areas of the Estrella model at McStain's Casitas at Stapleton. The Casitas homes which are between 900 and 1,200 square feet are being marketed primarily to women.

but also like the idea of something smaller and easier to tend.

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"Having a smaller home means less cleaning, lower utility bills and more time and money to do other things besides yard work," said Tom Sorensen, who owns and sells Wonderland Homes in the Stapleton neighborhood. "A smaller home feels more like a home and forces family members to communicate with each other and not escape to some far-off part of the house."

Focus on flow and function

Sorensen and his wife, Sandy, who are empty-nesters, live in a 1,750- square-foot home, having downsized from 2,000 square feet. When the couple retires in a few years, they will downsize again to the 1,200-square- foot Wonderland townhouse they keep as a rental.

Wonderland Homes has created a niche, building smaller homes with increased attention to architectural detail and sustainability for the past 10 of its 30-plus years in the industry.

"There is a demand for what we build," said Michael Hart, vice president of sales and marketing for Wonderland. "Our business is in response to the market, but it has been our business model for several years rather than a recent change brought about by the market."

Wonderland townhomes and single-family homes range from 950 to 1,800 square feet and run from the \$200,000s to \$400,000. Hart said Wonderland doesn't downsize important rooms such as the kitchen, bedrooms or living areas but focuses on flow and function.

"The need for bigger rooms becomes unnecessary when there is attention paid to how people live in a house," he said.

While McStain Neighborhoods has always tried to

meet the needs of a broad spectrum of homeowners, one of its current projects, Casitas at Stapleton, is primarily marketed to women, a growing demographic in the homebuilding industry. The two-story structures with Spanish Mission-style exteriors share a common courtyard for sociability. The open living/dining/kitchen area and master bedroom and bath are upstairs, providing an added sense of security. The Casitas average 900 square feet, with base prices ranging from \$210,000 to \$280,000.

The smaller floor plans fit with McStain's 45-year tradition of sustainable building, leaving a smaller carbon footprint.

"The Casitas are a great solution for people who want to live efficiently but cherish that little jewel box of a place," said Caroline Hoyt, co-founder and chief designer of McStain Neighborhoods.

"People are hunkering down"

McStain also is building a series of 1,400-square-foot homes in its Indian Peaks South development in Lafayette.

"Homebuyers are asking for smaller, more affordable homes," said Hoyt. "People are hunkering down and not spending as much."

The resale and foreclosure markets present strong competition to new-home builders.

"Our pricing and product offerings need to be competitive with those markets," said Rusty Crandall, division president of KB Home Colorado.

In response, the 50-year-old company, one of the nation's largest homebuilders, is downsizing floor plans to 900 to 1,400 square feet, starting in the low to mid-\$100,000s, in several of its

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communities.

Like Wonderland and McStain's plans, KB's new designs will have more open space instead of designated formal living and dining rooms. And, like the others, their homes are built to Energy Star guidelines, decreasing utility costs, which Crandall said provide a strong advantage over resale homes.

Mike Rinner, executive vice president of the Genesis Group, a market-research and analysis firm, said that while there may be current demand for smaller homes and home prices, he feels bigger houses will still be in demand when the economy recovers.

"I think people will wait to buy the size house they want," said Rinner. "Or they'll make things more affordable in other ways, buying a home closer to work to save money commuting or with more 'green' features to save on utility costs."

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